

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 PC-01 OMB-01 SY-05 SCCT-01 EB-07

COME-00 TRSE-00 STR-04 AGR-05 FEA-01 SCS-03 SCA-01

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R 132106Z AUG 76

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 4381
INFO AMEMBASSY BOGOTA
AMEMBASSY LIMA
AMEMBASSY MOSCOW
AMEMBASSY SAN JOSE
AMEMBASSY SANTIAGO
USCINCSO
CINCLANT NORFOLK VA

C O N F I D E N T I A L CARACAS 9863

CINCLANT FOR POLAD ENGLE

E.O. 11652: GDS

TAGS: PFOR, PINT, EAGR, ENRG, PINS, VE, CO, CI, UR, CS
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 9586 (NOTAL)

SUMMARY: AFTER DRAMATIC WALKOUT FROM CONGRESS BY OPPOSITION
DEPUTIES AUGUST 10, THE POLITICAL STORM OVER THE HANDLING OF THE
NIEHOUS CASE SUBSIDED SOMEWHAT WITH AUGUST 12 DECISION BY SUPREME
COURT TO REVIEW THE CONSTITUTIONAL STATUS OF DEPUTIES MESA AND
HERRERA, A DEVELOPMENT WHICH WAS WELCOMED BY BOTH PRESIDENT
PEREZ AND FORMER PRESIDENT CALDERA. THESE TWO LEADERS ALSO MET
AT MID-WEEK TO CALM THE TROUBLED POLITICAL WATERS ON THE SAME
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DAY THAT MRS. NIEHOUS OFFERED BS. 2 MILLION AWARD FOR INFORMA-

TION ABOUT HER HUSBAND. PRESIDENT ODUBER OF COSTA RICA ENDS THREE-DAY STATE VISIT TODAY. TWO CHILEAN LAWYERS EXPELLED FROM SANTIAGO ARRIVED IN CARACAS THIS WEEK. GOV PRIVATE REACTION TO ANDEAN PACT MEETING LAST WEEK WAS BITTER. VISITING SOVIET PETROLEUM TEAM IMPRESSES VENEZUELAN WITH SOVIET TUBE DRILLING TECHNIQUE S.

VENEZUELAN STATE PETROLEUM COMPANY WILL SELL 2.8 MILLION BARRELS OF LIGHT CRUDE TO COLOMBIA. THE NATIONAL PETROLEUM HOLDING COMPANY MAY MOVE AHEAD TO CONSOLIDATE SOME OF THE 14 NATIONALIZED OPERATING COMPANIES INTO LARGER AND MORE EFFICIENT UNITS. ARGENTINA CUTS INTO US GRAIN MARKET IN VENEZUELA. LANDSAT SATELLITES TAKE PICTURES OF FLOODED AREA AT BEHEST OF GOV. END SUMMARY.

1. SUPREME COURT AGREES TO REVIEW DEPUTIES' CASE. AUGUST 12 THE SUPREME COURT AGREED TO A REQUEST BY FISCAL GENERAL MEDINA (SEE SEPTCL) TO REVIEW THE CONSTITUTIONALITY OF GOV IMPRISONMENT AND EVENTUAL MILITARY TRIAL OF DEPUTIES FORTUNATO HERRERA AND SALOM MEZA. MEDINA HAS CONSIDERED THE GOV DECISION TO HOLD THE DEPUTIES AND TRY THEM BY MILITARY TRIBUNAL TO BE UNCONSTITUTIONAL. VENEZUELAN DEMOCRATIC PRINCIPLES WERE UNDER CONSIDERABLE STRAIN EARLIER IN THE WEEK, WHEN THE AD MAJORITY IN THE CHAMBER OF DEPUTIES REFUSED TO ACCEPT OPPOSITION MOTIONS WHICH PROPOSED THAT THE SUPREME COURT DECIDE THE CONSTITUTIONALITY OF THE DEPUTIES' CASES. THE OPPOSITION TEMPORARILY AS A WARNING TO THE EXECUTIVE, AN UNPRECEDENTED EVENT IN RECENT VENEZUELAN DEMOCRATIC HISTORY. THE FOLLOWING DAY, HOWEVER, FORMER PRESIDENT CALDERA MET WITH PRESIDENT PEREZ TO CALM THE WATERS. CALDERA OPINED THAT THE QUESTION OF THE DEPUTIES IS A TEMPORARY IF IMPORTANT ONE AND THAT THE DEMOCRATIC SYSTEM HERE IS NOT UNDER ANY THREAT (CARACAS 9811). PEREZ THEN SAID HE WOULD ABIDE BY ANY SUPREME COURT DECISION. THE FOLLOWING DAY, THE SUPREME COURT OFFICIALLY DECIDED TO REVIEW THE CASE AND BOTH PEREZ AND CALDERA EXPRESSED SATISFACTION AT THIS TURN OF EVENTS. MEANWHILE, THE OPPOSITION RETURNED TO CONGRESS. FINALLY, MRS. NIEHOUS OFFERED A BS. 2 MILLION AWARD FOR INFORMATION LEADING TO THE WHEREABOUTS OF HER HUSBAND. FOLLOWING HER ANNOUNCEMENT, GOV SAID IT DID NOT OPPOSE HER OFFER, SINCE IT DID NOT INVOLVE A RANSOM PAYMENT.

2. PRESIDENT ODUBER OF COSTA RICA VISITS PEREZ.
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PRESIDENT ODUBER ENDS A THREE-DAY VISIT HERE TODAY. INTER ALIA, ODUBER CRITICIZED THE HUMAN RIGHTS SITUATION IN THE HEMISPHERE, PARTICULARLY THE FACT THAT THERE ARE POLITICAL PRISONERS IN MANY COUNTRIES. HE ALSO MADE REFERENCE TO THE GOV-GOCR 1974 ACCORDS WHICH HE SAID HAVE BEEN CARRIED TO SATISFACTION OF COSTA RICA, AND REVIEWED CENTRAL AMERICAN POLITICAL SITUATION WITH PEREZ AND GOV OFFICIALS. PRIOR TO DEPARTURE, HE INVITED PEREZ TO COSTA RICA IN NEAR FUTURE.

3. CHILEAN LAWYERS IN CARACAS. CHILEAN EXILED LAWYERS JAIME VELASCO AND EUGENIO CASTILLO ARRIVED IN CARACAS EARLIER THIS WEEK AND HAVE BEEN GRANTED TEMPORARY VISAS HERE. VELASCO PLANS TO GO THE U.S., WHILE CASTILLO'S PLANS ARE UNDECIDED, ALTHOUGH HE HAS SEVERAL TEACHING OFFERS. BOTH WERE WELL RECEIVED BY GOV. THEY PLAN TO CONTINUE THEIR LEGAL APPEAL THROUGH CHILEAN COURTS (SEE SEPTEL).

4. VENEZUELA DISPLEASED WITH CHILEAN INTRANSIGENCE AT PACT MEETING. REINALDO FIGUEREDO, PRESIDENT OF THE VENEZUELAN FOREIGN TRADE INSTITUTE (ICE), TOLD EMBOFFS EARLIER THIS WEEK THAT GOV WAS EXTREMELY DISPLEASED WITH CHILEAN INTRANSIGENCE AT 20TH COMMISSION MEETING (LIMA 7271). FIGUEREDO SAID THAT HE DOUBTS WHETHER CHILE WILL SIGN ADDITIONAL PROTOCOL WITHIN SIXTY DAY PERIOD. HE ALSO NOTED, INTER ALIA, THAT HE HAD TO CONVINCING COLOMBIAN REPRESENTATIVE TO REFRAIN FROM MAKING OPEN, DIRECT ATTACK ON CHILEANS DURING THE COMMISSION MEETING WHICH COULD WELL HAVE CAUSED THE CHILEANS TO WITHDRAW. WE TEND TO THINK FIGUEREDO'S VIEWS PROBABLY REPRESENT GOV'S SENSE OF FRUSTRATION WITH CHILEANS; THEY MAY ALSO REFLECT GENUINE CONCERN THAT CHILE POSITION IS PUTTING PACT IN JEOPARDY AND THAT TIME IS INDEED SHORT FOR ACCOMMODATION.

5. ACCORDING TO AREVALO REYES, DIRECTOR GENERAL OF MINES AND HYDROCARBONS, SOVIET TECHNICAL TEAM VISITING VENEZUELA MUCH IMPRESSED WITH SOPHISTICATION OF VENEZUELAN PETROLEUM INDUSTRY. VENEZUELANS MOST INTERESTED IN SOVIET DRILLING TECHNIQUES (TUBE DRILLING) WHICH ARE REPORTED TO BE CHEAPER AND FASTER THAN CONVENTIONAL DRILLING METHODS, AT LEAST FOR WELLS LESS THAN 10,000 FEET. REYES OF OPINION THAT VENEZUELA MAY EVENTUALLY PURCHASE THIS TECHNOLOGY FROM SOVIETS.

6. PETROVEN, THE NATIONAL PETROLEUM HOLDING COMPANY, IS RE-CONFIDENTIAL

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PORTED TO BE MOVING AHEAD WITH PLANS TO RATIONALIZE THE OIL INDUSTRY BY CONSOLIDATING SOME OF THE FOURTEEN NATIONALIZED OPERATING COMPANIES INTO LARGER AND MORE EFFICIENT UNITS. DELTAVEN (FORMERLY TEXACO) AND BARIVEN (FORMERLY ARCO) HAVE BEEN MENTIONED IN THE PRESS AS POSSIBLE CANDIDATES FOR AN EARLY MERGER, IN THIS CASE WITH THE MUCH LARGER COMPANY MENEVEN (FORMERLY GULF). BARIVEN, IN PARTICULAR, IS CONSIDERED A LIKELY PROSPECT FOR SUCH ACTION AS A RESULT OF ARCO'S FAILURE TO SIGN A TECHNICAL SERVICE AGREEMENT WITH PETROVEN.

7. VENEZUELAN OIL TO COLOMBIA. THE VENEZUELAN STATE PETROLEUM PRODUCING COMPANY (CVP) ANNOUNCED THE IMPENDING SALE OF 2.8 MILLION BARRELS OF LIGHT CRUDE OIL TO ITS COUNTERPART IN COLOMBIA, ECOPETROL. DELIVERIES ARE TO TAKE PLACE OVER THE NEXT YEAR, AND ARE EXPECTED TO BEGIN IN LATE AUGUST WITH A SHIP-

MENT FROM PUERTO LA CRUZ IN EASTERN VENEZUELA TO THE MAMONAL
REFINERY IN CARTEGENA.

8 ARGENTINA CUTS INTO US GRAIN MARKET (CARACAS 9750). DURING
THIS WEEK GOV DECIDED TO PURCHASE 50,000 TONS EACH OF ARGENTINE
WHEAT, CORN AND GRAIN SORGHUM UNDER A GOVERNMENT-TO-GOVERNMENT
AGREEMENT. THESE PURCHASES ARE IN ADDITION TO 50,000 TONS OF
WHEAT ALREADY PURCHASED UNDER A LONG-TERM STATE AGREEMENT, PLUS
AN AGREEMENT OF INTENT TO PURCHASE ANOTHER 100,000 TONS OF WHEAT,
AND 50,000 TONS EACH OF CORN AND SORGHUM. TOTAL POSSIBLE PUR-
CHASES COULD MEAN ARGENTINA WILL CAPTURE ABOUT ONE-THIRD OF THIS
YEAR'S WHEAT MARKET HERE AND TWO-FIFTH OF LOCAL FEEDGRAIN MARKET.
UNTIL THIS DEAL, THE U.S. HAD SUPPLIED ALL OF VENEZUELA'S WHEAT AND
FEEDGRAIN IMPORT REQUIREMENTS.

9. LANDSAT DOES A JOB FOR VENEZUELA. AT THE REQUEST OF THE
VENEZUELAN GOVERNMENT, IAGS ASKED NASA AND THE EROS DATA
CENTER IN SOUTH DAKOTA TO HAVE LANDSAT I AND II SATELLITES
ACTIVATED OVER THE FLOODED AREAS OF VENEZUELA. THE SATELLITES
ALREADY HAVE MADE SEVERAL PASSES OVER THE AREA TAKING PHOTOGRAPHS
AND WILL CONTINUE TO DO SO FOR THE NEXT TWO TO THREE WEEKS.
PARTICULARLY GOOD IMAGERY WAS OBTAINED ON AUGUST 8.
VAKY

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